

Message Text

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PAGE 01 OTTAWA 01117 032256Z
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-15 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 L-03 H-02
CIAE-00 COME-00 FRB-01 INR-10 NSAE-00 XMB-04
OPIC-06 LAB-04 SIL-01 PA-02 /105 W
-----109078 040914Z /10

R 032248Z MAR 78
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 6525
INFO AMCONSUL CALGARY
AMCONSUL HALIFAX
AMCONSUL MONTREAL
AMCONSUL QUEBEC
AMCONSUL TORONTO
AMCONSUL VANCOUVER
AMCONSUL WINNIPEG

UNCLAS OTTAWA 01117

DEPT. PASS CEA, TREAS, FRB

E.O. 11652:N/A
TAGS: EFIN, ECON, CA
SUBJECT: GOC ANNOUNCES U.S.DOLS 750 MILLION BOND ISSUE;
OFFICIAL RESERVES DECLINE SHARPLY IN FEBRUARY.

1. SUMMARY. GOC HAS ANNOUNCED THAT IT WILL FLOAT U.S.DOLS
750 MILLION BOND ISSUE IN NEW YORK MARKET. GOC HAD PRE-
VIOUSLY ANNOUNCED PLANS TO BORROW ABROAD ON FEBRUARY 21.
EXACT TIMING OF ISSUE STILL UNCERTAIN.

2. OFFICIAL INTERNATIONAL RESERVES DROPPED BY U.S.DOLS
706.6 MILLION IN FEBRUARY AS RESULT OF U.S.DOLS 715.3
BILLION DECLINE IN HOLDINGS OF U.S. DOLLARS WHICH REFLECTED
STRONG OFFICIAL INTERVENTION IN SUPPORT OF CANADIAN DOLLAR
DURING MONTH. END SUMMARY.

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3. GOC HAS ANNOUNCED THAT IT WILL FLOAT U.S. DOLS 750
MILLION BOND ISSUE IN NEW YORK MARKET. PROPOSED OFFERING
IS EXPECTED TO CONSIST OF EQUAL PRINCIPLE AMOUNTS OF FIVE
YEAR, SEVEN AND ONE-HALF YEAR AND TWENTY YEAR BONDS. DETAILS
OF ISSUE STILL TO BE WORKED OUT, AND ITS PRECISE TIMING IS
THEREFORE UNCERTAIN. GOC HOPES TO FILE REGISTRATION STATE-

MENT WITH SECURITIES AND EXCHANGE COMMISSION ON MARCH 8. UNDERWRITING TEAM IS LED BY MORGAN STANLEY. TEAM'S MANAGEMENT GROUP INCLUDES SOLOMAN BROS. AS WELL AS CANADIAN FIRMS AMES AND WOOD GUNDY.

4. ANNOUNCEMENT OF MAJOR BORROWING HAD LITTLE EFFECT ON CANADIAN DOLLAR EXCHANGE RATE WHICH WEAKENED SLIGHTLY IN EARLY TRADING MARCH 3. MOST OF POSITIVE EFFECT AD ALREADY TAKEN PLACE ON FEBRUARY 21, WHEN GOC FIRST ANNOUNCED ITS INTENTION TO BORROW ABROAD. IN ADDITION, PUBLICATION OF FIGURES SHOWING STRONG DECLINE IN OFFICIAL RESERVES IN FEBRUARY PROBABLY OFFSET ANY FAVORABLE EFFECT ON EXCHANGE RATE WHICH COULD HAVE RESULTED FROM ANNOUNCEMENT OF BOND ISSUE.

5. OFFICIAL RESERVES. OFFICIAL RESERVES DECLINED BY U.S. DOLS 706.6 MILLION IN FEBRUARY. DECLINE WAS ATTRIBUTED TO U.S. DOLS 715.3 FALL IN OFFICIAL HOLDINGS OF U.S. DOLLARS REFLECTING STRONG OFFICIAL INTERVENTION IN SUPPORT OF CANADIAN DOLLAR. CHANGE IN RESERVES IN FEBRUARY ALSO INCLUDED AN INCREASE OF U.S. DOLS 21.7 MILLION DUE TO APPRECIATION OF U.S. DOLLAR VALUE OF SDR. FIGURES DO NOT INCLUDE U.S. DOLS 200 MILLION DRAWDOWN ON U.S. DOLS 1.5 BILLION STANDBY CREDIT ARRANGED LAST FALL THROUGH CANADIAN CHARTERED BANK CONSORTIUM.

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6. TABLE: CHANGES IN OFFICIAL RESERVES. BRACKETS () INDICATE DECLINE.

----- MILLIONS OF U.S. DOLLARS -----

----- JANUARY FEBRUARY CHANGE

U.S. DOLLARS	2,110.7	1,395.4	(715.3)
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OTHER FOREIGN CURRENCIES	17.3	17.9	0.6
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GOLD	936.0	944.9	8.9
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SDRS	498.0	501.8	3.9
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RESERVE POSITION IN IMF	843.5	838.9	(4.6)
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TOTAL ENDERS	4,405.4	3,698.9	(706.6)
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: OFFICIAL RESERVES, BONDS (SECURITIES)
Control Number: n/a
Copy: SINGLE
Draft Date: 03 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978OTTAWA01117
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780099-0236
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